placed under suspension for their involvement in opening of accounts which facilitated collection of such instruments. Similarly, Bank of Baroda has placed under suspension one Chief Manager and one Acting Chief Manager.

Reserve Bank of India has reiterated its instructions to the banks to strictly adhere to essential safeguards in the matter of opening/conduct of operative deposit accounts. The banks have also been directed to introduce the practice of obtaining photographs of depositors/account holders who are authorised to operate the accounts at the time of opening of all new operative accounts with effect from 1st January, 1994. In certain business pockets in Bombay, where the fraudulent encashment of payment instruments was reported to be prevalent, RBI has taken specific banches for inspection of Banks have also initiated action against the officials responsible for facilitating opening of new accounts in fictitious names either through active connivance or through non-adherence to prescribed procedure. Complaints have also been lodged with CBI/ Police authorities.

NRI Equity Participation in Private Sector Banks

1476. SHRI N. GIRI PRASAD:

SHRI N. E. BALARAM:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are considering a proposal to allow NRI's equity participation upto 40 per cent in new private sector banks; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) In terms of the detailed guidelines issued by Reserve Bank of India (RBI) for setting up new private sector banks, some of the applicants have indicated that they would endeavour to bring in funds from NRIs. The matter has been examined and it has been decided that NRI participation in the primary equity of a new banking company may be allowed to the extent of 40 per cent.

Cut in Subsidies

1477. SHRI N. GIRI PRASAD:

SHRI N. E. BALARAM:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government ment have been advised by the IMF to cut all subsidies at one stroke; and

(b) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) No sir, there has been no suggestion from the I.M.F. to ut all subsidies at one stroke. However, as a part of its process of fiscal consolidations, the Government is aiming at better targetting of subsidies.

State Governments Facing Losses of Revenue

1478. SHRI N. E. BALARAM:

SHRI CHATURANAN MISHRA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that State Governments are facing loss of revenue due to the revenue linked reforms of the Central Government;

(b) if so, what are these reforms and the extent of loss being incurred by each of the State Government; and